

Commissions

Commission payments are to be clearly established under the terms of the salesperson's agreement.

Loans

Tyler expects all of its employees to be responsible in managing their financial affairs. It is the policy of Tyler not to loan money or advance salary to any employees.

Pay Cycle/Biweekly

Exempt employees are generally paid biweekly on Friday with the pay period covering the two-week period ending on Saturday the day after payment occurs. Non-exempt employees are paid biweekly on Friday with the pay period covered being for the two weeks prior to the week in which payment occurs.

Paycheck Distribution

All employees are paid by Tyler check or by direct deposit. Checks are distributed in the following manner:

- distributed by your Manager or your Manager's designated representative
- mailed to your home address
- directly deposited to the checking or savings account you specify.

Employees are encouraged to use direct deposit, which provides convenience and increased security for the employee and reduces costs for the Company.

If, at any time, an employee wishes to authorize any other person to receive his or her paycheck, the employee must submit a written authorization to the Human Resources Department. Tyler is not responsible for paychecks lost or stolen due to instructions from the employee. If Tyler is unable to stop payment on a lost or stolen check after the waiting period, the employee will be responsible for such loss.

Payroll Deductions (Mandatory)

Tyler is required by law to make certain deductions from your paycheck each time one is prepared. Among these are your federal, state and local income taxes, your contribution to Social Security, Medicare and wage garnishments. These deductions will be itemized on your check stub. It is the sole responsibility of the employee to provide accurate information to Tyler for such deductions as federal, state and local income tax and to check his/her paycheck for accuracy each payroll period.

Any change in name, address, telephone number, marital status or number of exemptions must be reported to the Human Resources Department immediately to ensure proper credit for tax purposes. The W-2 form you receive for each year indicates precisely how much of your earnings were deducted for these purposes.

Any other mandatory deductions to be made from your paycheck, such as court-ordered garnishments, will be explained to you whenever Tyler is ordered to make such deductions. Employees are discouraged from placing their personal financial matters into their employment relationship with Tyler. Where such attachments become administratively burdensome to Tyler,

the affected employee may be required to reimburse Tyler an amount commensurate with actual processing costs.

Payroll Deductions (Voluntary)

Voluntary deductions are those requested by employees to be made on their behalf. These deductions may include such items as direct deposit, contributions to health care, optional benefits, retirement plan, and credit union or savings accounts. Voluntary deductions will not be made without the employee's written authorization.

Error in Pay

Every effort is made to avoid errors in your paycheck. If you believe an error has been made, please call your local Payroll/Human Resources Department immediately. Upon notification, your Payroll/Human Resources Department will take the necessary steps to research the problem and to assure that any necessary correction is made properly and promptly within the next payroll-processing period. Tyler will promptly notify employees if the Company becomes aware that it has erroneously overpaid an employee. That employee will immediately be obligated to repay the amount of the overpayment or work out a mutually agreeable schedule for repayment.

Expense Reimbursement

You must have your Manager's authorization prior to incurring an expense on behalf of Tyler. Travel costs in connection with approved and *bona fide* business activities will be paid by Tyler. To be reimbursed for all authorized expenses, you must submit an approved expense report and other documentation that may be required. Please submit your expense report weekly.

If you are asked to conduct Company business using your personal vehicle, you will be reimbursed at standard rates as set by the Company. Please submit this expense on your expense report and voucher. You may be required to provide proof of insurance and a valid driver's license.

For non-exempt employees, travel and commuting time in connection with Tyler-approved travel is paid according to the general rules governing compensation for travel time issued by the Department of Labor. To accurately report your time, arrivals to work or departures from work must be accounted for. Employees are required to record beginning and ending travel time and actual hours worked while at the client site. Lunch hours and any time not worked while at a client site should be noted on the payroll record form.

Credit Cards

As the need arises, employees may be provided with a credit card issued by Tyler for the purpose of such business-related expenses as gasoline or service on Tyler vehicles or equipment, nominal supplies, air fare, lodging, meals and other approved purchases. Tyler credit cards may not be used for non-business purchases under any circumstances. Only the employee who was issued the credit card may make charges to a Tyler credit card. Any employee found to abuse or misuse a Tyler credit card will be considered to have engaged in intentional theft of Tyler funds, and may therefore be subject to immediate discharge. Lost or stolen Tyler credit cards should be reported immediately to the Vice President of Finance or the Human Resources Department.

In addition, Tyler has contracted with American Express as the provider of choice for corporate and individual credit cards for the purpose of such business-related expenses. An employee who has been issued a Company credit card is required to use said credit card as the primary method of

payment for Tyler-related travel expenses. All charges incurred will be the employee's responsibility, with Tyler issuing reimbursement checks to the employee for authorized expenditures after an approved expense report is submitted. Employees who are issued a Company credit card are required to pay all bills when due.

Performance Evaluation and Compensation Review

Performance Review

Your Manager is continuously evaluating your job performance. Day-to-day interaction between you and your Manager should give you a sense of how your Manager perceives your performance.

However, to properly facilitate your career development and encourage detailed communication between you and your Manager, a performance evaluation process is in place to provide employees with a consistent, clear, and equitable framework for detailing responsibilities, receiving feedback on performance and establishing expectations.

Performance reviews are conducted annually. New employees will be reviewed at times determined by management. A review may also be conducted in the event of a promotion, a change in duties and responsibilities, or periodically as in cases of marginal performance.

Each evaluation will be discussed with the employee to review those areas of successful performance and areas that need improvement or that are unacceptable. Employees are to be encouraged to comment about their work performance, in writing or orally, and to discuss working conditions and offer suggestions for improving business operations.

The employee should sign the performance report to acknowledge awareness of its contents and discussion with the Manager. The employee's signature does not necessarily mean that the employee fully agrees with the contents of the report, and the employee may so state on the form before signing.

Employees should notify their Manager or the Human Resources Department if a performance review is not received in accordance with the above time frame.

Compensation Review

It is our goal to ensure that all Tyler employees are paid fairly and equitably for work performed.

Tyler conducts individual compensation reviews annually on or about each anniversary date, following the annual performance review. Wage or salary increases are not guaranteed; rather they are based on individual performance. Wage or salary increases typically are effective in the pay period ending after the dates they are granted; however, increases may be retroactive at the discretion of the Manager.

Effects of Substandard Evaluation

A substandard evaluation means any evaluation below a level of satisfactory performance. Employees receiving a substandard evaluation will generally not be eligible for promotional opportunities and performance-based salary increases until the next performance review. In addition, an employee may be subject to transfer to another position, demotion of an indefinite duration and/or termination.

Benefits, Holidays and Leave

General Provisions and Applications

Tyler strives to provide competitive and cost effective benefits for employees in recognition of the influence employment benefits have on the economic and personal welfare of each employee. Employees should likewise recognize that the total cost to provide the benefit program described herein is a significant supplement to each employee's total compensation package.

Policies, provisions, and procedures that govern Tyler's benefit program will apply to all full-time regular employees as defined below unless otherwise provided in a particular benefit plan. While some benefits may earn credit during an employee's probationary period, eligibility in many cases will not occur until an employee obtains regular status, or other conditions of employment specified herein or contained in the benefit plan.

Cost Sharing of Benefits

Benefit costs have risen sharply over the years, particularly in the area of health and welfare plans. These include such mandatory insurance benefit plans as workers' compensation, Social Security, Medicare and unemployment insurance, whose rates are controlled by law rather than competitive insurance providers. Discretionary benefits are those selected by Tyler based on such considerations as cost, workforce composition, operational efficiency, and desirability of benefit provisions. Where costs of discretionary health and welfare benefit plans exceed Tyler's ability to pay the full cost to maintain a desired benefit level, employees may be required to share in the cost in order to continue such health and welfare plan coverage. Additionally, other benefits are provided which require participating employees to pay the entire amount of the benefit cost through payroll deduction.

Design and Modification of Benefits

Tyler reserves the rights to design provisions and to add, eliminate, or in other ways modify any discretionary benefits described herein where and when it is deemed in Tyler's best interest to do so. Under most circumstances, Tyler will provide employees with advance notice of such modifications, and time to consider the effects of the decision.

Eligibility for Benefits

All regular, full-time employees are eligible for Tyler benefits. Part-time, temporary employees and contracted staff are not eligible to receive benefits. For the purpose of benefits, a full-time regular employee is defined as an employee regularly scheduled, on a consistent basis, to work at least 30 hours per week. The following pages outline detailed information for each benefit.

Group Insurance

Tyler is interested in the health and well being of both the employee and family. Each employee becomes eligible for a comprehensive health, disability and life insurance program on his or her date of hire.

The following insurance benefits are provided to full-time regular employees. Some benefits are **basic benefits** provided to the employee at no cost to the employee. Other key benefits are **core benefits** that require employees to share with Tyler in the cost of the benefit. Additionally, **optional benefits** are offered that are paid entirely by the employee at lower cost group rates.

<u>Type of Benefit</u>	<u>Benefit Type</u>
Major Medical Coverage	Core
Dental Care Coverage	Core
Basic Term Life Insurance	Basic
Term Accidental Death and Dismemberment Insurance (AD&D)	Basic
Supplemental Life Insurance	Optional
Travel Accident Insurance	Basic
Long Term Disability Insurance	Basic
Short Term Disability Insurance	Optional
Flexible Spending Accounts	Optional
Dependent Care Reimbursement Account	
Health Care Reimbursement Account	
401(k) Retirement Plan	Optional

Tyler provides each employee with Summary Plan Descriptions (SPDs) that describe in detail the benefits for which an employee may be eligible.

Medical and Dental Insurance

Tyler has carefully reviewed the coverages and plans available and has selected the plan it feels provides the best balance between health protection and cost to its full-time regular employees. Refer to the Health Protection SPD provided by Tyler for details on medical and dental coverage.

Basic Term Life and AD&D Insurance

Basic Term Life Insurance is provided and is payable in the event of a full-time regular employee's death as prescribed by the current life plan. AD&D coverage covers a full-time regular employee in the event of death by accident regardless of time or location and covers an employee for accidental loss of sight or limb. Refer to the Life and AD&D SPD provided by Tyler for details on coverage.

Supplemental Life Insurance

In addition to providing full-time regular employees with basic life and AD&D insurance, Tyler offers several levels of optional employee life insurance. This optional coverage allows employees to supplement their basic life insurance at lower group rates.

Eligible employees can buy optional life insurance coverage in amounts based on a multiple of their annual salary. To help employees pay for unexpected costs in the event of the death of a dependent, the plan offers optional dependent life coverage. Refer to the Supplemental Life and Supplemental Dependent Life SPD provided by Tyler for details on coverage.

Travel Accident Insurance

Tyler provides Business Travel Accident Insurance to full-time regular employees who travel on Company business in the United States and in foreign countries. This coverage is designed to provide financial assistance when employees suffer an accidental death or severe injury while traveling and is provided to the employee at no cost.

The coverage begins from the actual start of a planned trip and ends upon the return to the insured person's place of work or home, whichever occurs first.

Refer to the Certificate of Coverage provided by Tyler for details on coverage.

Long Term Disability Insurance

To assist a full-time regular employee from suffering a long-term financial hardship because of a severely disabling illness or accident, Tyler provides Long Term Disability (LTD) Insurance at no cost to the employee.

Refer to the Long Term Disability Program SPD provided by Tyler for details on coverage.

Short Term Disability Insurance

Tyler also provides an optional Short Term Disability (STD) Insurance program. The STD plan is designed to replace a portion of a full-time regular employee's earnings if the employee is unable to work because of a nonworking-related illness, injury, or because of pregnancy. This optional coverage allows employees coverage at lower group rates.

Refer to the Short Term Disability Program SPD provided by Tyler for details on coverage.

Flexible Spending Accounts

Tyler offers two flexible spending accounts that allow a full-time regular employee to save on income taxes when an employee has certain health care and dependent care expenses.

Each year, each employee chooses whether or not to participate in one or both of the accounts. An employee can contribute to a Dependent Care Reimbursement Account, a Health Care Reimbursement Account or both, depending on his/her needs.

By using the Reimbursement Account, you end up paying for the same expenses you would have in any case, but you also lower your taxable income at the same time. That may mean tax savings to you.

Refer to the Flexible Spending Accounts SPD provided by Tyler for details on your coverage.

Termination of Insurance

Your insurance will terminate when you fail to make an agreed contribution to premium when due, when you cease to be eligible for coverage under the terms of our group insurance program, or when you cease to be employed as a regular full-time employee eligible for the insurance.

COBRA (Consolidated Omnibus Budget Reconciliation Act of 1986)

In the event of your termination of employment with Tyler or another event that may cause you or your dependents to lose coverage under our group health insurance program, you and your eligible dependents may have the right to continued coverage for a limited period at your own expense.

Refer to the Health Protection SPD provided by Tyler for details on COBRA coverage.

Reinstatement of Insurance Benefits

In the event you return to work for Tyler within thirty (30) calendar days of your separation date, your previously elected insurance coverage will continue provided you submit a completed benefits enrollment form. The premiums unpaid during that thirty (30) day period will be deducted from your first paycheck upon reinstatement.

401(k) Retirement Plan

The Tyler Technologies, Inc. 401(k) Profit Sharing Plan and Trust is a Company-sponsored retirement savings plan that offers you an opportunity to save for the future while reducing today's tax burden. Participation in this Plan offers many advantages:

- Contributions can be made by both you and Tyler.
- Deferral contributions are simplified by utilizing payroll deduction.
- After you have been employed for 6 months, Tyler, at its option, may match your savings at 50% of the first 4% of your match eligible contribution.
- Earnings in your plan account grow tax-deferred.
- You control your deferral contribution amount, from 1% to 15% of your compensation.
- All deferral contributions made by you are 100% vested.
- You receive quarterly account statements.

You are eligible to begin participating in the plan on your date of hire if you have attained the age of 21.

Refer to the Enrollment Kit provided with your new hire package for additional information.

Statement of Employment Retirement Income Security Act (ERISA) Rights

As a participant in the Tyler Technologies, Inc. 401(k) Profit Sharing Plan and Trust, you are entitled to examine the Plan documents and the annual report and plan description filed with the U.S. Department of Labor. This inspection may be made during normal business hours. Contact the Human Resources Department for more information.

Mandated Benefits

Social Security and Medicare

Employees and Tyler are required to contribute toward federal Social Security and Medicare benefits from the first day of employment. Both the employee's and Tyler's contribution rates are established by law and represent a percentage of earnings. Social Security and Medicare provides four basic benefit provisions consisting of retirement income, disability, death, and retirement health care. Eligibility varies among the benefits, and entitlements are subject to individual circumstances too detailed for explanation here. Booklets explaining these details are available at Social Security offices.

Workers' Compensation

Tyler pays the entire amount of the workers' compensation insurance premium that provides benefits to employees who experience injury or illness in connection with Tyler employment. Eligibility automatically begins on the first day of employment. **State law governs benefit entitlements.** Questions concerning employee rights or benefit amounts should be directed to the Human Resources Department or your state Workers' Compensation Authority.

Benefits available to employees injured on the job consist of the following provisions:

1. Replacement income.
2. Medical expenses including doctor's visitation, surgery, drugs, and hospitalization.
3. Rehabilitation services necessary to return to work.
4. Death and burial benefits payable to the legal beneficiary of the deceased employee if the compensable injury results in death.

When an employee experiences a work-related injury or illness, the employee must inform his or her Manager immediately. The Manager must then assist the employee in: (1) seeking immediate medical attention, if necessary, (2) documenting the details of the injury or illness, (3) notifying the Human Resources Department as soon as practical, and (4) filing the claim as timely as possible.

Unemployment Insurance

Employees may be eligible for unemployment benefits upon termination of service with Tyler, depending on state law and circumstances connected with termination. After leaving Tyler employment, the terminating employee can file an unemployment claim with the State Employment Office, which will explain the rights, benefits, and eligibility determination process.

Holidays

Regular full-time employees are eligible for nine (9) paid holidays each calendar year.

Tyler has designated seven (7) holidays that will be observed by all Tyler employees:

New Year's Day
Memorial Day
July 4th
Labor Day

Thanksgiving Day
The Day after Thanksgiving
Christmas Day

The remaining two (2) holidays will be floating holidays that are designated by each operating Company.

If a holiday falls on a Saturday or Sunday, the holiday will be observed on the following Monday

A paid holiday does not count as a day worked in calculating overtime for the week. You are not eligible to receive holiday pay when you are on an unpaid leave of absence.

Eligible employees who are on paid time off during the occurrence of a recognized holiday will have the day treated as a paid holiday and not as a paid time off day.

Paid Time Off

Paid Time Off (PTO)

Tyler believes that both employees and Tyler benefit from scheduled time for each regular employee to enjoy relaxation and recreation and to return to work in a revitalized condition. Paid Time Off helps avoid burnout and prevents a job from becoming tedious. A secondary goal of the Company in providing Paid Time Off benefits is to give employees flexibility to handle personal needs. Should you have questions regarding the following policy, please contact your Manager or the Human Resources Department.

Tyler has adopted the following Paid Time Off policy and encourages all operating Companies to adopt the policy as described below. However, some operating Companies have an established Paid Time Off policy that has been approved by Tyler and that policy may vary from the Tyler policy described below. Should you have questions regarding your Company's policy, please contact your Manager or your Human Resources Department.

Regular full-time employees will be credited with Paid Time Off as follows:

<u>Months of Service</u>	<u>Monthly Credit Hours</u>	<u>Bi-Weekly Credit Hours</u>	<u>Annual Credit Days/Hours</u>
0 – 24	6.67	3.07	10/80
25 - 60	10.00	4.61	15/120
61 – 120	13.33	6.15	20/160
121+	16.67	7.69	25/200

For purposes of PTO credit, one Month of Service shall be defined as thirty (30) days of continuous service.

Full-time employees who are regularly scheduled to work a minimum of thirty (30) hours per week are eligible to accrue PTO at the following rate: the applicable full-time monthly accrual rate in hours (see above schedule) times the number of regularly scheduled work hours per week divided by 40 equals the monthly accrual rate in hours. (Example: $6.67 \times 30/40 = 5.00$)

When you are hired, if your hire date is within the first through the fifteenth of the month, you will accrue PTO for that full month and for each month thereafter during your regular full-time employment, up to a maximum balance as specified above. At no time may your PTO balance exceed the maximum accrual for one year according to the above schedule. PTO will stop

accruing once the maximum has been reached. If your hire date is within the sixteenth through the end of the month, you will start to accrue PTO on the first day of the following month.

Every effort will be made to grant PTO at the time you desire. However, PTO cannot interfere with your department's operation and must be approved by your Manager. Requests submitted in advance allow better planning and have a greater likelihood of approval. PTO longer than two (2) weeks is especially difficult to cover on the job and require the greatest lead-time for approval. In this case, please provide at least six (6) weeks' notice.

Unless otherwise required by law, unused PTO may not be carried over to subsequent calendar years. At the end of Tyler's fiscal year (December 31), unused PTO will be forfeited and the balance will be reset to zero hours. This adjustment will occur after the last pay period of the fiscal year. Negative PTO balances will not be adjusted up to zero hours. Exceptions to this policy may be made in unusual circumstances, with each case to be considered separately by management.

The purpose of PTO is to provide employees with a time to rest and relax; therefore, no additional wages or salary will be paid in lieu of Paid Time Off.

Unaccrued (unearned) PTO may not be taken without written management authorization. Unless otherwise required by law, any amount of advanced PTO paid but not earned at the time of termination of employment will be deducted from your final paycheck.

If you are on an approved leave of absence for less than ninety (90) days, your PTO eligibility will not be affected; should the leave extend beyond ninety (90) days, PTO does not accrue.

NOTE: Each employee will participate in the new PTO accrual program separate and apart from any unused balance of PTO hours as of December 31, 2002.

Bereavement Leave

You are entitled to take up to three (3) consecutive workdays with pay to attend the funeral and take care of personal matters related to the death of a member of your immediate family. Immediate family is defined as spouse, children, parents, parents-in-law, brothers, sisters and grandparents.

With your Manager's approval, you may take up to one full day without pay to attend funerals of other relatives and friends. If you prefer, an unused day of earned paid time off may be used for this purpose.

Pay for a bereavement leave will only be made for actual time lost from work and only upon your submission of acceptable documentation to your Manager.

Jury Duty

It is your civic duty as a citizen to report for jury duty whenever called. If you are called for jury duty, you may take the necessary time off and to help you avoid financial loss because of such service, Tyler will continue your regular pay for a maximum of thirty (30) business days.

You must notify your Manager upon receipt of the jury summons.

If you are released from court before the end of your workday, you are expected to return to work. In order to receive pay for jury duty, you must provide proof of service issued by the court. You may retain any mileage and other compensation paid by the respective court jurisdiction.

Unpaid Time Off

Election Day

Tyler encourages all employees to exercise their voting privileges in local, state, and national elections. Generally, working hours are such that employees will have ample time to vote before or after working hours. Non-exempt employees who cannot reach their polling place outside work hours will be permitted up to two hours of unpaid time off to vote. You will be expected to notify your Manager at least one week in advance. Paid time off time, if available, may be used for this purpose.

Military Leave of Absence

The Company provides military leaves of absence and reemployment rights to all eligible employees who serve in the uniformed services as required by the Uniformed Services Employment and Reemployment Rights Act of 1994 and applicable state laws. Leave is available for active duty, active duty training, initial active duty training, inactive duty training, and full-time National Guard duty and for examinations to determine fitness for such duty.

Total military leave time taken may not exceed five (5) years during employment, except in special circumstances.

Advance notice of leave is required. Please inform your supervisor of anticipated military leave time as far in advance as possible. Accrued paid time off will be paid during military leave at your request, and health plan continuance coverage (COBRA) can be arranged for up to eighteen (18) months during military leave, if required premium payments are made by you.

As with other leaves of absence, failure to return to work or to reapply within applicable time limits may result in termination of employment.

Family Medical Leave of Absence

Eligible employees may be entitled to job-protected family or medical leaves of absence if they are unable to come to work due to pressing family or medical concerns as described under the Family and Medical Leave Act, 1993, which shall be administered in accordance with applicable State and Federal laws:

1. Employees are eligible for FMLA if they have been actively employed for twelve (12) months, and worked at least 1,250 hours (an average of 25 hours per week) during those 12 months. Salary continuation during any leave period shall depend upon the accrued, unused paid time off.
2. Under the circumstances set forth below, each eligible employee shall have up to a total of twelve (12) weeks unpaid leave during a rolling 12 month period measured backward from the date an employee uses any FMLA leave:
 - a. A family leave shall be granted upon the birth or adoption of a child of the employee, or upon the serious health condition of the employee's child, spouse, or parent.
 - b. A medical leave shall be granted upon the employee's own serious health condition.

- c. For purposes of this policy, a child is defined as a natural, adopted, or foster child, a stepchild or a legal ward. If the child is over 18, he/she must be unable to care for himself/herself due to a serious health condition.
- d. A parent is defined as the employee's or his/her spouse's natural, adoptive, or foster parent, stepparent, or legal guardian.

3. A serious health condition is defined as a disabling physical or mental illness, injury, impairment, or condition involving inpatient care in a hospital, nursing home, or hospice; or outpatient care requiring continuing treatment or supervision from a health care professional.
4. Whenever possible, and subject to your health care provider's approval, absences for planned medical treatment should be scheduled so as not to unduly disrupt Company operations.
5. In appropriate circumstances, we may require you or the family member to be examined by a Company-designated physician, at the Company's expense.
6. In the event of a serious health condition to the employee or his/her child, spouse, or parent, which creates an unforeseeable need for family or medical leave, the employee must provide us with notice, as soon as practicable, of any needed time off, and a written doctor's certificate indicating the expected duration and nature of the illness, particularly as it relates to the employee's ability to come to work or the need for that employee's presence at home to care for a seriously ill family member.
7. To assist us in arranging work assignments during your absence, employees are required, to the extent possible, to give 30 days' advance notice in the event of foreseeable medical treatment. In addition, we ask that you give us prior notice, to the extent possible, of an expected birth or adoption, as well as an indication, to the extent known, of your expected return date. To facilitate your return to work, we also ask that you provide us with two weeks' advance notification of your intended return date. Failure to do so may delay your return date.
8. Paid time off available to you under other sections of our policy shall be counted towards the total time off available under this section.
9. Upon completion of a leave granted under this section consistent with applicable laws, you shall be reinstated to your original position, or an equivalent one with equivalent pay, benefits and other employment terms.
10. While on a leave of absence provided for under this policy, we will continue your group health insurance benefits under the same terms as provided to other employees, for up to a maximum of 12 weeks leave time during any one-year period. Arrangements will need to be made with the Human Resources Department for employees taking unpaid FMLA leave to pay their insurance premiums. If your leave extends beyond 12 weeks, you shall be offered the opportunity to purchase continuing coverage under state and federal COBRA continuation rules.
11. Other accumulated fringe benefits such as seniority, retirement, service credits, paid time off, etc., shall be preserved at the level earned as of commencement of the leave, but shall not accrue further during any such leave period unless such leave is paid and is equal to or less than ninety (90) days in duration.
12. Disability laws may vary from state to state, and at all times our disability leave policy will be in compliance with the laws of the state in which you are employed.

13. During a period of disability, you may be eligible for disability pay benefits. Please refer to the applicable Short Term or Long Term Summary Plan Descriptions for details on eligibility, benefit amounts, and other details.
14. Should you require an extended leave beyond the period of time described in this policy, we will seek to return you to a suitable position, but cannot guarantee that one will be available. Nevertheless, you may be eligible for continuing disability pay benefits during this period in accordance with applicable insurance coverage.
15. Several States and other jurisdictions also have family or medical leave laws. If both the Federal law and a State law apply to Tyler's operations, an employee is entitled to the most generous benefit provided under either law.

This policy applies to all Tyler locations.

The FMLA does not modify or affect any Federal or State law, which prohibits discrimination.

*Please contact the Human Resources Department for a copy of the Family and Medical Leave Act, 1993.

Short Term Unpaid Leave

Regular employees, who have no paid time off, can request, subject to the sole discretionary approval of the Manager, a leave of absence without pay for a period not to exceed ten days. All employees who desire leave are required to notify their Manager at the earliest opportunity. Employees who must leave work due to illness or disability should likewise advise their Manager. It is the responsibility of every employee to report the reason for the Short Term Unpaid Leave request, recovery progress, and probable duration.

An employee on Short Term Unpaid Leave due to medical may be required to submit a physician's certification of fitness to resume work. You will be responsible for any charges made by your doctor for this documentation. In certain situations, your Manager may require examination and approval by a doctor of Tyler's choice and at Tyler's expense before you return to work.

Insurance Premium Payment during Leaves of Absence

While you are on a FMLA or short term unpaid leave of absence from Tyler, you will be responsible for paying the total premiums for your insurance coverage and that of your dependents. Failure to do so may result in loss of coverage and possible refusal by the insurance carrier to allow your coverage to be reinstated.

Long Term Personal Leave of Absence

Regular employees may request, subject to the sole discretionary approval of the Company, a leave of absence without pay for a period not to exceed three months. Requests for a leave of absence should be submitted in writing to the employee's Manager as far in advance of the anticipated leave date as possible. The leave request must state the reasons, circumstances, duration, and address of the employee during leave. The Manager will submit his or her recommendation to the Human Resources Department, who will approve or disapprove the leave and so notify the employee through the Manager. Extension of an initial leave of absence must be requested in the same manner.

During a Long Term Personal Leave of Absence, benefits will be terminated at the end of the month in which the leave of absence begins. Employees will be offered COBRA for COBRA eligible benefits and can request portability forms for benefits that are portable.

Upon expiration of a Long Term Personal Leave of Absence, the employee may be reinstated in the position held, or an equivalent one, if such a position is available. If the position previously held, or an equivalent one, is not available, the employee may be offered another position that may be available. If the Company has no available position in which the employee is qualified, no offer of re-employment will be made. An employee who fails to report promptly for work at the expiration of a Long Term Personal Leave of Absence, or who applies for and receives unemployment insurance while on leave, will be considered to have voluntarily resigned.

Other Benefits

Education/Training/Licensing (Attending Seminars/Training)

From time to time, Tyler may require employees to attend seminars, workshops, or training programs. Employees will be paid for hours spent while attending these schools or workshops. All or a portion of the expenses for off-premises training may be paid by Tyler depending on the nature of the course.

Membership in Professional Organizations

It is the policy of Tyler to offer financial assistance to regular employees in support of their membership in professional and technical organizations, within their fields of work, as outlined below.

1. An employee's Manager must approve the amount of financial assistance prior to enrollment.
2. Attendance at meetings during working hours must have prior management approval.
3. All Company-required memberships will be 100 percent employer paid.
4. All enrollment and meeting expenses require verification (receipts) for reimbursement.

Harassment Policy

It is the policy of Tyler that all employees have the right to work in an environment free of discrimination and harassment, which includes freedom from sexual harassment, as well as work place harassment based on race, national origin, disability or religion. Tyler will not tolerate any form of sexual or other harassment, by Managers, co-workers, customers or vendors. This policy is intended to prohibit offensive conduct, either physical or verbal, that threatens human dignity and employee morale, and which interferes with a positive and productive work environment.

Sexual harassment is illegal and, as outlined in the EEOC Sexual Discrimination Guidelines includes:

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (ii) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (iii) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

The following examples illustrate types of conduct that may constitute sexual or other harassment:

- Slurs, jokes or degrading comments of a sexual nature
- Unwelcome sexual advances
- Suggestive or lewd remarks
- Unwelcome hugging, touching or kissing
- Requests for sexual favors
- Offensive sexual flirtation or propositions
- The display of sexually suggestive pictures or objects
- Unwelcome physical contact or touching such as patting, pinching or constant brushing against another's body.
- Teasing, kidding or jokes which make reference to race, creed, sex, marital status, sexual orientation, color, religion, national origin, age, disability, veteran status or any other status protected under local, state or federal laws.

Employees who believe they are the victims of or who have witnessed such conduct should report the conduct as described in this policy. Tyler will ensure that no personnel action will be taken against any employee for reporting sexually harassing or other improper conduct towards co-employees.

This policy prohibits any overt or subtle pressure for sexual favors including implying or threatening that an applicant's or employee's cooperation of a sexual nature (or lack thereof) will have any effect on the person's employment, job assignment, wages, promotion, any other condition of employment, or future job opportunities. This policy also prohibits any conduct, which would tend to create an intimidating, hostile or offensive work environment.

Managers are responsible for monitoring behavior, which can be construed to be harassment, and for initiating necessary action to eliminate such behavior. Any employee who feels that he or she

is a victim of sexual or other harassment should immediately report the matter to his or her Manager or, in the event, the employee feels uncomfortable reporting it to his/her Manager, to the next higher responsible party. If the employee would prefer, the Director of Human Resources or Tyler's Legal Counsel may be contacted.

Tyler will immediately investigate any complaints of sexual or other harassment and where warranted, take action against any employee engaging in sexual or other harassment. Depending on the circumstances, such disciplinary action may include suspension, demotion, or termination of employment.

Any questions regarding this policy should be addressed to the employee's Manager, your Human Resource Department or Michael Collins, Tyler Human Resources at mickey.collins@tylertechnologies.com. Any employee, who believes that he or she has been the victim of sexual harassment, or who has knowledge of that kind of behavior, is urged to report such conduct immediately. No action will be taken against any employee for reporting sexual or other harassment.

Drug/Alcohol Policy

Tyler has a vital interest in maintaining safe, healthful, and efficient working conditions for our employees. Being under the influence of a drug or alcohol on the job may pose serious safety and health risks not only to the user, but also to all who work with the user, including our customers.

Accordingly, Tyler has established the following guidelines with regard to use, possession or sale of alcohol or drugs:

- The manufacture, possession, use, distribution, sale, purchase, or transfer of, or being under the influence of alcohol or illegal drugs is strictly prohibited while on Tyler premises or while performing Company business.
- Employees will not be permitted to work while under the influence of illegal drugs or alcohol. Individuals who appear to be unfit for duty may be subject to a medical evaluation that includes drug or alcohol screening. Refusal to comply with a fitness-for-duty evaluation may result in disciplinary action, up to and including discharge.
- Off-the-job illegal drug use which could adversely affect an employee's job performance or which could jeopardize the safety of other employees, the public or Company facilities, or where such usage could jeopardize the security of Company finances or business records, or where such usage adversely affects customer's or the public's trust in the ability of the Company to carry out its responsibilities, will not be tolerated. Employees who are involved in off-the-job drug activity will be considered in violation of this policy.
- Employees undergoing prescribed medical treatment with a controlled substance that may affect the safe performance of their duties are required to report this treatment to their Manager.

Tyler recognizes that alcoholism/drug abuse is a form of illness that is treatable in nature. The Company shall not discriminate against employees based on the nature of their illness. No employees shall have their job security threatened by their seeking of assistance for a substance abuse or alcohol problem. The same consideration for referral and treatment that is afforded to other employees having non-drug/alcohol related illnesses shall extend to them.

Testing

To the extent permitted by law, the Company reserves the right to require any employee to submit to and cooperate with a drug test at any time, without prior notice, as a condition of continued employment. The Company's request for an employee's submission to such testing may be based on a universal approach (e.g., all employees at a particular unit), a random selection method, or based upon a reasonable suspicion that the individual is under the influence of controlled substances or has otherwise violated this policy. Any individual who refuses to do acts reasonably necessary to the conduct of such testing and the disclosure of test results to the Company may be subject to immediate dismissal.

Searches

Tyler reserves the right to conduct searches or inspections, based on reasonable suspicion, of an employee's person or personal effects including (without limitation) purses, briefcases, and motor vehicles located on Tyler property, based on reasonable cause, as well as Tyler property used by an employee, including (without limitation) lockers and desks.

Searches of the person shall include the emptying of pockets and the production of other items concealed in clothing. It shall not include pat-down searches.

Any item found during a search believed to be an illegal drug or drug paraphernalia will be confiscated by Tyler. The individual from whom the item or substances has been confiscated will be given a written receipt listing the items or substances seized.

In the administration of these search provisions, personal privacy will be considered to the maximum extent practicable.

Coordination with Law Enforcement Agencies

The sale, use, purchase, transfer or possession of an illegal drug or drug paraphernalia is a violation of the law. Tyler will report information concerning possession, distribution, or use of any illegal drugs to law enforcement officials and will turn over to the custody of law enforcement officials any such substances found during a search of an individual or property. Tyler will cooperate fully in the prosecution and/or conviction of any violation of the law.

Company and Personal Property

Personal Property

Please understand that Tyler cannot assume any responsibility for loss or damage to personal property of any employee.

Personal Use of Company Property

Company equipment such as copy machines, faxes, computers, vehicles, etc. are to be used for business purposes only and are not available for personal use, except where authorized in advance by the employee's Manager.

Per IRS regulations, Tyler is required to obtain information regarding your personal use of Company vehicles. Personal use of Company provided vehicles must be reported as income on your W-2.

Tyler is not liable for personal injury incurred during the use of Company property for personal reasons. The employee accepts full responsibility for all liabilities for injuries or losses, which occur, or for the malfunction of equipment. The employee is responsible for returning the equipment or tools in good condition, and is required to pay for any damages that occur while using the equipment or tools for personal projects.

Personal Phone Calls and Mail

Personal phone calls must be kept to a minimum and must not interfere with your work. Please do not abuse this privilege. Emergency calls regarding illness or injury to family members, changed family plans, or calls for similar reasons may be made at any time. Incoming urgent calls will be directed to the employee.

Tyler's business address should not be used as a personal mailing address unless authorized by your Manager. Company paid postage should not be used for personal mail.

Property and Equipment Care

It is each employee's responsibility to understand the equipment needed to perform his/her duties. Good care of any equipment that you use during the course of your employment, as well as the conservative use of supplies, will benefit you and Tyler. If you find that equipment is not working properly or in any way appears unsafe, please notify your Manager immediately so that repairs or adjustments may be made. Under no circumstances should you start or operate equipment you deem unsafe, nor should you remove or modify safeguards provided.

Return of Company Property

Any Tyler property issued to you, such as personal computers, keys, building security cards, pagers, etc. must be returned to Tyler at the time of your dismissal or resignation, or whenever requested by a member of management. You may be responsible for replacement costs on lost or damaged items. The replacement cost of any property issued and not returned may be deducted from your final paycheck, and you may be required to sign a wage deduction authorization upon possession of that property for this purpose.